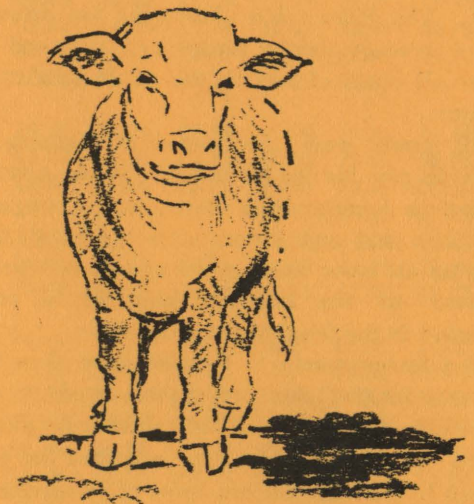


What to Pay for Feeder Steers



Top Prices a Farmer Can Pay and Still Break
Even for

- 2 Levels of Management
- 5 Prices for Corn
- 7 Selling Prices for Slaughter Cattle
- 5 Weights of Feeder Steers

COOPERATIVE EXTENSION SERVICE
THE OHIO STATE UNIVERSITY

TOP PRICES THAT AN ABOVE AVERAGE CATTLE FEEDER CAN PAY PER HUNDRED- WEIGHT FOR CHOICE GRADE STEERS AND STILL BREAK EVEN¹

Price of Corn Per Bushel	Selling Price for 100 lbs. of Live Cattle ²	Price When Cattle Are Sold At 900 lbs. and Purchase Weight Is			Price When Cattle Are Sold At 1000 lbs. and Purchase Weight Is				Price When Cattle Are Sold At 1100 lbs. and Purchase Weight Is				
		400 lbs.	500 lbs.	600 lbs.	400 lbs.	500 lbs.	600 lbs.	700 lbs.	400 lbs.	500 lbs.	600 lbs.	700 lbs.	800 lbs.
\$.90	\$22	29.75	26.00	24.00	30.00	26.25	24.00	22.75	29.75	26.00	23.75	22.50	22.00
.90	24	34.00	29.50	26.75	34.75	30.00	27.25	25.50	35.25	30.25	27.25	25.75	24.75
.90	26	38.50	33.00	29.75	39.50	34.00	30.50	28.50	40.50	34.50	31.00	28.75	27.25
.90	28	42.75	36.50	32.75	44.50	37.75	33.75	31.25	45.75	38.75	34.50	31.75	30.00
.90	30	47.25	40.00	35.75	49.25	41.75	37.00	34.00	51.00	43.00	38.00	34.75	32.75
.90	32	51.50	43.50	38.50	54.25	45.50	40.25	36.75	56.50	47.25	41.50	37.75	35.25
.90	34	56.00	47.00	41.50	59.00	49.50	43.25	39.50	61.75	51.50	45.00	40.75	38.00
1.00	22	28.75	25.25	23.50	28.75	25.25	23.50	22.50	28.25	25.00	23.00	22.00	21.50
1.00	24	33.00	28.75	26.50	33.50	29.25	26.75	25.25	33.50	29.00	26.50	25.00	24.25
1.00	26	37.50	32.25	29.25	38.50	33.00	29.75	28.00	39.00	33.25	30.00	28.00	27.00
1.00	28	41.75	35.75	32.25	43.25	37.00	33.00	30.75	44.25	37.50	33.50	31.00	29.50
1.00	30	46.25	39.25	35.25	48.00	40.75	36.25	33.50	49.50	41.75	37.25	34.25	32.25
1.00	32	50.50	42.75	38.00	53.00	44.75	39.50	36.25	54.75	46.00	40.75	37.25	35.00
1.00	34	55.00	46.25	41.00	57.75	48.50	42.75	39.00	60.25	50.25	44.25	40.25	37.50
1.10	22	27.75	24.75	23.00	27.50	24.50	22.75	22.00	26.75	23.75	22.25	21.50	21.25
1.10	24	32.00	28.25	26.00	32.50	28.25	26.00	24.75	32.00	28.00	25.75	24.50	23.75
1.10	26	36.50	31.75	29.00	37.25	32.25	29.25	27.50	37.25	32.25	29.25	27.50	26.50
1.10	28	40.75	35.25	31.75	42.00	36.00	32.50	30.25	42.75	36.50	32.75	30.50	29.25
1.10	30	45.25	38.75	34.75	47.00	39.75	35.75	33.00	48.00	40.75	36.25	33.50	31.75
1.10	32	49.50	42.25	37.75	51.75	43.75	39.00	35.75	53.25	45.00	39.75	36.50	34.50
1.10	34	54.00	45.75	40.50	56.50	47.50	42.25	38.75	58.50	49.25	43.50	39.50	37.25
1.20	22	26.75	24.00	22.50	26.25	23.50	22.25	21.50	25.25	22.50	21.25	20.75	20.75
1.20	24	31.25	27.50	25.50	31.25	27.25	25.25	24.25	30.50	26.75	24.75	23.75	23.50
1.20	26	35.50	31.00	28.50	36.00	31.25	28.50	27.00	35.75	31.00	28.50	27.00	26.00
1.20	28	40.00	34.50	31.25	40.75	35.00	31.75	29.75	41.00	35.25	32.00	30.00	28.75
1.20	30	44.25	38.00	34.25	45.75	39.00	35.00	32.75	46.50	39.50	35.50	33.00	31.50
1.20	32	48.75	41.50	37.25	50.50	42.75	38.25	35.50	51.75	43.75	39.00	36.00	34.00
1.20	34	53.00	45.00	40.25	55.50	46.75	41.50	38.25	57.00	48.00	42.50	39.00	36.75
1.30	22	25.75	23.50	22.25	25.25	22.75	21.50	21.00	23.75	21.50	20.50	20.25	20.25
1.30	24	30.25	27.00	25.00	30.00	26.50	24.75	24.00	29.00	25.75	24.00	23.25	23.00
1.30	26	34.50	30.50	28.00	34.75	30.50	28.00	26.75	34.25	30.00	27.50	26.25	25.75
1.30	28	39.00	34.00	31.00	39.75	34.25	31.25	29.50	39.75	34.25	31.00	29.25	28.25
1.30	30	43.25	37.50	34.00	44.50	38.25	34.50	32.25	45.00	38.50	34.75	32.50	31.00
1.30	32	47.75	41.00	36.75	49.25	42.00	37.75	35.00	50.25	42.75	38.25	35.50	33.75
1.30	34	52.00	44.50	39.75	54.25	46.00	41.00	37.75	55.75	47.00	41.75	38.50	36.25

¹Includes all costs of obtaining cattle

²After marketing costs are deducted

How to Use Above Table: When corn is worth \$1.30 a bushel and 1100 lb. slaughter cattle sell for \$28 per CWT. after marketing costs are deducted, an above average cattle feeder can pay up to \$39.75 per CWT. for a 400 lb. steer and still break even. He can pay up to \$31.00 per CWT. for a 600 lb. steer and \$28.25 for an 800 lb. steer fed to 1100 lbs.

What to Pay for Feeder Steers

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and OHIO COOPERATIVE EXTENSION SERVICE

This leaflet presents two tables of prices to guide farmers in buying feeder cattle. One table shows the highest prices an *average* cattle feeder can pay for choice grade steers and still break even. The other table shows the top prices an *above average* cattle feeder can pay and still cover all costs of raising the cattle to slaughter weights.

All costs were considered in figuring how much to pay for feeder stock. These costs included a charge for depreciation of cattle buildings and equipment, a charge of \$1.50 an hour for all labor used, and a charge of 5 percent interest on the current value of all capital invested in the feeding-out process.

If a farmer wants to be paid more than these amounts for the labor and capital used, or wants to make a profit on each animal after he pays all costs, he will have to pay less than the prices shown in the table for his level of management.

The purchase prices in both tables were determined on the basis of the break even point for two reasons. First, this price represents the maximum amount a farmer can pay and still cover all costs of finishing the cattle for slaughter purposes. Second, some farmers may want to make more profit per animal than others. Whatever profit a farmer wants to make will have to be deducted from the break even prices in the two tables to give the actual prices the farmer should pay for feeder cattle.

Over the short period of time, a farmer might pay slightly more than the calculated prices and still break even if only the variable costs are considered. However, over the long period of time, all costs must be considered in figuring the profitability of feeding cattle.

An average farmer cannot afford to pay as

much for feeder cattle as an above average farmer because of higher costs. On the other hand, an above average farmer may demand higher returns from labor, management and capital than an average farmer.

A below average farmer may have considerable difficulty buying feeder cattle at prices low enough to make the feeding-out process profitable, even if he accepts low returns on the labor and capital used.

Costs of feeding cattle under average management were determined from a study of 168 records kept by beef cattle feeders in Ohio in 1963 and 1964. For above average management, costs were obtained from this same study by averaging the figures for the low cost third of the farmers.

The following formula was used in calculating the cattle prices in the two tables: (Selling price per head for slaughter animal) - (Cost per head of raising feeder animal to slaughter weight) ÷ (Purchase weight of animal in terms of 100 pounds) = (Top price per hundredweight to pay for feeder steer).

For average management, the following costs were used to produce 100 pounds of gain: buildings and equipment, \$2.80; labor, \$1.80; tractor power, \$.45; veterinary and medicine, \$.20; and truck, automobile, telephone and electricity, \$.30.

For above average management, the following costs were used per 100 pounds of gain: buildings and equipment, \$2.30; labor, \$1.30; tractor power, \$.40; veterinary and medicine, \$.20; and truck, automobile, telephone and electricity, \$.25.

Death losses for both levels of management were figured at 1.8 percent for 400 pound feeder cattle, 1.5 percent for 500 pound cattle, 1.2 percent for 600 pound cattle, .9 percent for 700 pound cattle, and .6 percent for 800 pound feeder cattle.

Interest and taxes on cattle were figured at 6.5 percent of the purchase price for the length

(over)

of time needed to raise the feeder steer to slaughter weight.

Feed costs for average management varied from \$14.70 to \$21.90 per hundred pounds of gain when corn was valued at \$1.10 a bushel. The low cost was for 400 pound cattle fed to 900 pounds. The high cost was for 800 pound cattle feed to 1100 pounds.

Feed costs for above average management were figured at 80 percent of the cost for average management.

Suppose you want to know the top price an average cattle feeder can pay for a 400 pound steer that will be fed to 1000 pounds and sold for \$26 per hundredweight when corn is worth \$1.10 a bushel. Follow these steps: (1) Turn to table of prices for *average* cattle feeder. (2) Locate the line of figures for \$1.10 corn and \$26 slaughter cattle. (3) Follow this line to the right until you come to the section for slaughter cattle sold at 1000 pounds. (4) Read the price on this line for 400 pound feeders, which is \$30.75 per hundredweight. For 600 pound steers, you could pay up to \$26.00. If you want to make some profit after all costs are paid, you will have to deduct this amount from the break even prices shown in the table.

TOP PRICES THAT AN AVERAGE CATTLE FEEDER CAN PAY PER HUNDREDWEIGHT FOR CHOICE GRADE STEERS AND STILL BREAK EVEN¹

Price of Corn Per Bushel	Selling Price for 100 lbs. of Live Cattle ²	Price When Cattle Are Sold At 900 lbs. and Purchase Weight Is			Price When Cattle Are Sold At 1000 lbs. and Purchase Weight Is				Price When Cattle Are Sold At 1100 lbs. and Purchase Weight Is				
		400 lbs.	500 lbs.	600 lbs.	400 lbs.	500 lbs.	600 lbs.	700 lbs.	400 lbs.	500 lbs.	600 lbs.	700 lbs.	800 lbs.
\$.90	\$22	25.00	23.00	22.00	24.00	22.00	21.25	21.00	22.75	20.75	20.00	20.00	20.25
.90	24	29.50	26.50	24.75	29.00	26.00	24.25	23.75	28.00	25.00	23.50	23.00	22.75
.90	26	33.75	29.75	27.75	33.75	29.75	27.50	26.50	33.25	29.25	27.25	26.00	25.50
.90	28	38.25	33.25	30.75	38.50	33.75	30.75	29.25	38.50	33.50	30.75	29.00	28.25
.90	30	42.50	36.75	33.50	43.50	37.50	34.00	32.00	44.00	37.75	34.25	32.00	30.75
.90	32	47.00	40.25	36.50	48.25	41.50	37.25	34.75	49.25	42.00	37.75	35.00	33.50
.90	34	51.25	43.75	39.50	53.25	45.25	40.50	37.50	54.50	46.25	41.25	38.25	36.25
1.00	22	23.75	22.00	21.25	22.50	21.00	20.50	20.25	20.75	19.50	19.00	19.25	19.50
1.00	24	28.25	25.50	24.25	27.50	24.75	23.75	23.00	26.00	23.75	22.50	22.25	22.25
1.00	26	32.50	29.00	27.25	32.25	28.75	26.75	26.00	31.50	28.00	26.00	25.25	25.00
1.00	28	37.00	32.50	30.00	37.00	32.50	30.00	28.75	36.75	32.25	29.50	28.25	27.75
1.00	30	41.25	36.00	33.00	42.00	36.50	33.25	31.50	42.00	36.50	33.25	31.25	30.25
1.00	32	45.75	39.50	36.00	46.75	40.25	36.50	34.25	47.25	40.75	36.75	34.25	33.00
1.00	34	50.00	43.00	39.00	51.75	44.25	39.75	37.00	52.75	45.00	40.25	37.50	35.75
1.10	22	22.75	21.25	20.75	21.00	20.00	19.50	19.75	18.75	18.00	18.00	18.50	19.00
1.10	24	27.00	24.75	23.75	26.00	23.75	22.75	22.50	24.25	22.25	21.50	21.50	21.75
1.10	26	31.50	28.25	26.75	30.75	27.75	26.00	25.50	29.50	26.50	25.00	24.50	24.50
1.10	28	35.75	31.75	29.50	35.50	31.50	29.25	28.25	34.75	30.75	28.50	27.50	27.00
1.10	30	40.25	35.25	32.50	40.50	35.25	32.50	31.00	40.00	35.00	32.25	30.50	29.75
1.10	32	44.50	38.75	35.50	45.25	39.25	35.75	33.75	45.50	39.25	35.75	33.50	32.50
1.10	34	49.00	42.25	38.25	50.25	43.00	39.00	36.50	50.75	43.50	39.25	36.75	35.00
1.20	22	21.50	20.50	20.25	19.50	18.75	18.75	19.25	17.00	16.50	17.00	17.75	18.50
1.20	24	26.00	24.00	23.25	24.50	22.75	22.00	22.00	22.25	20.75	20.50	20.75	21.25
1.20	26	30.25	27.50	26.00	29.25	26.50	25.25	24.75	27.50	25.00	24.00	23.75	24.00
1.20	28	34.75	31.00	29.00	34.00	30.50	28.50	27.75	32.75	29.25	27.50	26.75	26.50
1.20	30	39.00	34.50	32.00	39.00	34.25	31.75	30.50	38.25	33.50	31.25	29.75	29.25
1.20	32	43.50	38.00	34.75	43.75	38.25	35.00	33.25	43.50	37.75	34.75	32.75	32.00
1.20	34	47.75	41.50	37.75	48.75	42.00	38.25	36.00	48.75	42.00	38.25	36.00	34.50
1.30	22	20.25	19.75	19.75	18.00	17.75	18.00	18.75	15.00	15.25	16.00	17.00	18.00
1.30	24	24.75	23.25	22.50	23.00	21.50	21.25	21.50	20.25	19.50	19.50	20.00	20.75
1.30	26	29.00	26.75	25.50	27.75	25.50	24.50	24.25	25.50	23.75	23.00	23.00	23.50
1.30	28	33.50	30.25	28.50	32.50	29.25	27.75	27.00	31.00	28.00	26.50	26.00	26.00
1.30	30	37.75	33.75	31.50	37.50	33.25	31.00	29.75	36.25	32.25	30.00	29.00	28.75
1.30	32	42.25	37.25	34.25	42.25	37.00	34.25	32.75	41.50	36.50	33.50	32.00	31.50
1.30	34	46.50	40.75	37.25	47.25	41.00	37.50	35.50	47.00	40.75	37.25	35.25	34.00

¹Includes all costs of obtaining cattle

²After marketing costs are deducted

How to Use Above Table: When corn is worth \$1.00 a bushel and 900 lb. slaughter cattle sell for \$24 per CWT. after marketing costs are deducted, an average cattle feeder can pay up to \$28.25 per CWT. for a 400 lb. steer and still break even. He can pay up to \$25.50 per CWT. for a 500 lb. steer and \$24.25 for a 600 lb. steer fed to 900 lbs.